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FM AMEMBASSY CARACAS  
TO RUEHC/SECSTATE WASHDC 2294  
INFO RUEHHH/OPEC COLLECTIVE  
RUEHBO/AMEMBASSY BOGOTA 7914  
RUEHBR/AMEMBASSY BRASILIA 6086  
RUEHLP/AMEMBASSY LA PAZ 2843  
RUEHPE/AMEMBASSY LIMA 1120  
RUEHSP/AMEMBASSY PORT OF SPAIN 3636  
RUEHQT/AMEMBASSY QUITO 2934  
RHEBAAA/DEPT OF ENERGY  
RUCPDO/DEPT OF COMMERCE  
RHEHNSC/NSC WASHDC  
RUMIAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L CARACAS 001712

SIPDIS

ENERGY FOR CDAY AND ALOCKWOOD  
NSC FOR JSHRIER  
USSOUTHCOM ALSO FOR POLAD

E.O. 12958: DECL: 12/04/2018  
TAGS: [EPET](#) [ENRG](#) [EINV](#) [ECON](#) [VE](#)  
SUBJECT: VENEZUELA: CHEVRON CONFIRMS INTEREST IN HEAVY OIL  
BID ROUND

REF: CARACAS 1540

Classified By: Economic Counselor Darnall Steuart for reason 1.4(d)

¶1. (C) Economic Counselor met briefly December 4 with Chevron President for Africa and Latin America Exploration and Production Ali Moshiri. Moshiri was accompanied by Wes Lohec, Managing Director of Chevron's Latin America Business Unit. Moshiri first underlined that Venezuela continues to be important from a "resource position" for Chevron. Moshiri added, however, that he perceived the functioning of the U.S. Embassy as a "red line" for the continued viability of Chevron's investments in Venezuela. EconCouns confirmed that the Embassy had faced additional difficulties since the expulsion of Ambassador Duddy but said the Embassy continues to operate under adverse circumstances. She added that she had just helped Chevron with a visa question relating to one of its employees. Moshiri noted delicately that Chevron is perceived by the GBRV as Venezuela's "energy link" to the United States. This position has perhaps given Chevron more flexibility than that given to other joint venture partners and the GBRV had, in the past, approached Chevron for assistance in dealing with U.S. issues. Moshiri then offered Chevron's assistance to the Embassy in dealing with the GBRV if it were needed. EconCouns said the Embassy had identified the Ministry of Foreign Affairs' Protocol Director as a roadblock.

¶2. (C) Moshiri confirmed that Chevron is pursuing an interest in the heavy oil production blocks offered in the Carabobo block bid round launched October 30. He identified financing as the greatest risk in the current international environment. He added, however, that Chevron would ultimately only move ahead with a project if it were to receive an "ironclad" legal guarantee from the Venezuelan government. Moshiri said Chevron had learned its lesson from its experience with the nationalization of the heavy oil Hamaca project. The Hamaca project agreements were only signed with PDVSA. Any future agreements will, he said, not only be approved by the National Assembly but also include Chavez's signature. According to Lohec, the 19 companies that purchased the Carabobo data pack included BP, Chevron, Ecopetrol, ENI, GALP, Inpex (Teikoku), Japan Oil and Gas, Mitsubishi, ONGC, Perobras, Petronas, Repsol, Shell, Sinopec, Statoil, Suelopetrol, Total, CNPC, and a "Russian Consortium."

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COMMENT  
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13. (C) It is widely rumored in the Caracas oil patch that the GBRV perceives Chevron as a preferred partner to lead one of the winning Carabobo block consortia.  
CAULFIELD